

**IN THE MATTER OF
the *Public Utilities Act***

and

**an Application by Yukon Energy Corporation for
an Energy Project Certificate and an
Energy Operation Certificate
regarding the Proposed Whitehorse Diesel
to Liquefied Natural Gas Conversion Project**

BEFORE: B. McLennan, Chair) March 20, 2014
 R. Laking, Vice-Chair)
 A. Fortin)
 R. Boisvert)

BOARD ORDER 2014-05

WHEREAS:

- A. On December 30, 2013, the Yukon Utilities Board (Board) received a letter and terms of reference from the Yukon Minister of Justice (Minister) directing the Board to carry out a review and prepare a report with recommendations in accordance with the terms of reference respecting Yukon Energy Corporation's (YEC) Whitehorse Diesel to Natural Gas Conversion Project which was designated in OIC 2013/200 as a regulated energy project under Part 3 of the *Public Utilities Act*.
- B. The Minister's terms of reference state that the Board shall hold a public hearing as required in relation to the application submitted to the Minister by YEC on December 9, 2013, under Part 3 of the *Public Utilities Act* for an energy project certificate and an energy operation certificate regarding the project (Application).
- C. The Whitehorse Diesel to Natural Gas Conversion Project is described in the terms of reference as a project to modernize the existing YEC Whitehorse thermal generating station to meet growing requirements for reliable and flexible thermal generation on the Yukon grid, including the replacement of two diesel generating units (9.1 MW total capacity) scheduled for retirement by 2015 with up to three new modular natural gas-fired generating units (13.1 MW total capacity) supplied by liquefied natural gas (LNG), and the installation of LNG truck offloading, storage, vapourization, and related infrastructure. YEC wishes to begin construction of the project during the 2014 construction season.

- D. On January 14, 2014, the Board issued Board Order 2014-01 giving notice of the Application, setting out the process schedule for the Application and giving notice that, subject to the Minister's approval, a public hearing into the Application would be held in Whitehorse, Yukon commencing on March 31, 2014, in accordance with terms set out in the order.
- E. Board Order 2014-01, also requested that parties intending to participate in this proceeding were to register in writing with the Board by January 31, 2014. In their submissions, interested parties were to indicate the nature of their interest and the issues of interest in relation to the Application.
- F. The Board received requests for intervener status from the Yukon Electrical Company Limited (YECL), the Utilities Consumers' Group (UCG), The City of Whitehorse (CW), Donald Roberts, and from John Maissan (Leading Edge Projects Inc.) and the Yukon Conservation Society, a joint intervention request (YCS-LE). All requests for intervener status were granted.
- G. On March 6, 2014, Donald Roberts filed evidence. Mr. Roberts indicated that the evidence was a science-based PowerPoint presentation on hydraulic fracturing. Moreover, Mr. Roberts submitted that the presentation was his main defence in challenging YEC's proposed Whitehorse Diesel to Liquefied Natural Gas Conversion Project.
- H. On March 11, 2014, YEC submitted a Notice of Motion requesting that the Board remove from the record the evidence filed by Donald Roberts as it is out of scope. YEC submitted that the scope of the submission by Mr. Roberts relates to activities that occur outside Yukon and are not directly related to the project.
- I. By way of a memorandum dated March 12, 2014, the Board invited comments on the YEC motion. Interveners were to provide comments on March 17, 2014, while YEC was to reply to the comments on March 19, 2014. The Board received comments from Donald Roberts and YCS-LE, and a reply to these comments from YEC.
- J. The Board has reviewed the submissions and made its determination on the YEC motion.

NOW THEREFORE the Board orders as follows:

That the evidence filed by Donald Roberts be stricken from the record of this proceeding and it no longer form a part of this proceeding for the Reasons set out in Appendix A.

Dated at the City of Whitehorse, in the Yukon, the 20th day of March 2014.

BY ORDER

A handwritten signature in black ink, appearing to read 'Bruce McLennan', with a long horizontal stroke extending to the right.

Bruce McLennan
Chair

Appendix A to Board Order 2014-05

Reasons for Ruling

In consideration of the YEC motion, the Board has reviewed the the submissions of interveners and YEC in light of the Application and the Minister's Terms of Reference regarding the necessity for the Whitehorse Diesel to LNG conversion project, and its timing and design. More specifically, the Minister requested recommendations from the Board respecting:

- a) The public need for the project under various reasonable electric load forecasts, including near-term requirements related to industrial and non-industrial loads and the effect of the project on the rates of customers;
- b) The capability of existing and currently committed generation and transmission facilities, including thermal generation facilities to provide reliable electric power generation to meet the forecast load requirements and YEC's capacity-planning criteria and the effect of the Project on this capability;
- c) The risks facing the LNG project and their potential impacts on rates for customers;
- d) What, if any, alternatives to the LNG project might be advisable given reasonable load assumptions and risk assessments; and
- e) Whether it is prudent to build the project at this time.

The Board is of the view that neither the Minister's Terms of Reference nor the Application refer to the extraction of natural gas from shale deposits in Yukon and Yukon shale deposits are not identified as a supply source in the Application. The Board also notes YEC's submission that the possibility of hydraulic fracturing as an activity connected to the project was too remote and too speculative to be included in the Yukon Environmental and Socio-Economic Assessment Board's assessment.

Further, the Application states that the LNG will be transported by truck to Yukon from Alberta or British Columbia, from suppliers within either of those provinces.

For these reasons, the Board rules that the evidence submitted by Donald Roberts is not relevant to the proceeding and is to be stricken from the record of this proceeding.